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PROGRAMME PLANNING AND IMPLEMENTATION

Country, intercountry and global programmes

# EXTENSION OF THE FOURTH COUNTRY PROGRAMME FOR MADAGASCAR

UNDP assistance requested by the Government of Madagascar for the period January-December 1993

| Period of extension | Resources required | $ |
|---|---|---|
| 1993 | IPF | 18 300 000 |
| | Total | 18 300 000 |

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## I. JUSTIFICATION

1. The interim Government of Madagascar has requested a further one-year extension of the fourth country programme, until December 1993, pending completion of the process of establishing democratic institutions. At the request of the interim Government, which took power after seven months of paralysing strikes in 1991, an extension was granted for 1992 in respect of the fourth country programme for Madagascar (1987-1991), approved by the UNDP Governing Council in June 1987. Following the presidential and legislative elections which are to take place between November 1992 and June 1993, a new Government will begin the process of setting the national development priorities and objectives that will serve as the basis for Madagascar's fifth country programme. The fifth country programme will be submitted to the UNDP Governing Council in 1994.

## II. OBJECTIVES

2. The fourth country programme for Madagascar underwent a mid-term review in May 1989 after its initial objectives had been established. In accordance with the decisions resulting from the mid-term review and the Government's development objectives, in the last two years of the country programme UNDP identified and initiated a number of activities in keeping with the objectives of: strengthening economic planning and management capability; increasing the productive capacity of soil and water resources; promotion of the private sector; and delivery of social action programmes in support of structural adjustment.

3. The objectives established in May 1989 will remain valid during the extension period. Although there has been a certain amount of constitutional and political change since the beginning of the country programme, the economic policies implemented by the interim Government will remain essentially the same.

## III. PROGRAMME DESCRIPTION

4. Strengthening national economic planning and management capability. Activities will continue with respect to: (a) collection of agricultural statistics (towards the end of the extension period, a project in this area should lead to the establishment of a permanent mechanism for data collection and analysis); (b) a household survey to identify vulnerable population groups that should benefit from social programmes; (c) strengthening of education pl[illegible] capability; (d) monitoring support for the Public Investment Programme/Preliminary Development Plan, (with specific aspects of national capacity-building to be strengthened through support from the World Bank); and (e) support and strengthening of various structures that are required to construct a macroeconomic framework, as well as collection and analysis of data that are essential to that framework.

5. Increasing the productive capacity of soil and water resources. Firstly, interventions in this sector will concentrate on the further development of cash crops and, promotion of integrated development, taking account of environmental

protection (pilot operations for grass-roots ecodevelopment focusing on the maintenance of zones for the conservation of the natural environment). Secondly, a project will be initiated to improve the technical capability of the National Office for the Environment, and complementary environmental research will be carried out in order to mobilize additional resources. Lastly, efforts will be directed towards finalizing plans and initiating a programme framework for the management and development of fisheries and aquaculture, and on organizing a mission for the preparation of a regional programme to improve the productivity of sustainable agriculture in order to identify agricultural activities to be undertaken during the fifth country programme.

6. Promotion and strengthening of private-sector capacities. Activities in this area will concentrate on: support for the establishment of small enterprises, with the ultimate goal of facilitating access for small-scale developers to credit and of setting up procedures for financing small businesses (setting up bank portfolios and presenting them to banks) in urban and rural areas; promoting, prior to the establishment of enterprises, the development and start-up of a project on a guarantee and support fund for microenterprises and small enterprises for the identification of 2,000 entrepreneurs and groups and to provide them with a special fund for short-term financing of 2,000 microenterprises; preparation of a programme for the promotion of small- and medium-scale private enterprises to be implemented during the fifth country programme; and preparation of a strategic industrial management policy.

7. Social actions in support of structural adjustment. In the extension period, activities relating to family planning and to the programme framework for the social dimension of development, whose goal is to promote and strengthen national capacities for carrying out microprojects on poverty alleviation in urban and rural areas, will be continued. Other activities in this area will include the development of microprojects within the context of this and other UNDP-financed programmes, and organizing the second general population and housing census, which will take place during the first half of 1993. In addition, a conference of donors in the fields of human and social development will be held, and a project to create a structure for managing resources mobilized during the conference will be executed. A district-level sanitation development programme will be finalized and started up, and a new phase of an ongoing water and sanitation project will be started. Moreover, as a result of the tripartite evaluation of project MAG/88/015 on support for the vocational retraining programme, an extension of six months, until June 1993, was recommended.

8. Interventions of the United Nations Capital Development Fund (UNCDF). Since Madagascar was included in the group of least developed countries (LDCs) as from January 1992, it will benefit from financial support available to LDCs, particularly, UNCDF support. The first projects in this category will be prepared between January and June 1993. Project MAG/92/C01 on a guarantee and support fund for microenterprises and small enterprises has already been approved. UNCDF will provide the funding and the credit lines, and the IPF will continue to finance technical assistance.

9. The two main focuses of UNCDF intervention in 1993 will be:

(a) Poverty alleviation in the south, in connection with which UNCDF is considering providing $1.4 million in financing for microprojects generating employment, income, and social benefits. The IPF contribution for this purpose will be $400,000 over three years.

(b) Support for regional development of Ambato-Boeni. The goal here will be to take advantage of the existing human and natural potential of Ambato-Boeni in the Fivondronana region. For that purpose, UNCDF will provide $4 million in financing for the renovation of a 25-kilometre trail, development of lowland rice paddies, development of inland fish-farming, and the rehabilitation of public facilities in the two main cities of the Fivondronana region, and capital support for rural development activities. The IPF will be used to provide $400,000 in financing for the establishment of an operations unit in Ambato-Boeni.

(c) Ecodevelopment of North Mananara. In order to encourage economic development around protected zones in the vicinity of North Mananara, UNCDF will finance agro-pastoral and forest asset formation for rice-growing activities, modernization of hillside farming and the rehabilitation of social and economic infrastructure in the city of North Mananara and in the villages of the region. The IPF will be used to finance subcontracts with local operators with experience in this area.

## IV. RECOMMENDATION

10. The Administrator recommends that the Governing Council approve the second extension of the fourth country programme for Madagascar.

Annex

FINANCIAL SUMMARY

ESTIMATED RESOURCES TAKEN INTO ACCOUNT FOR PROGRAMMING

| | $ | $ |
|---|---|---|
| A. FOURTH COUNTRY PROGRAMME | | |
| Fourth cycle IPF | 40 659 000 | |
| Carry-over from third cycle | 4 550 000 | |
| Borrowing from fifth cycle | 6 368 000 | |
| Estimated 1992 expenditures | 14 000 000 | |
| TOTAL | | 65 577 000 |
| B. ANTICIPATED RESOURCE NEEDS FOR EXTENSION PERIOD | | |
| IPF | 18 300 000 | |
| TOTAL | | 18 300 000 |
| C. FIFTH CYCLE BALANCE AVAILABLE AFTER EXTENSION PERIOD | | |
| Fifth cycle IPF | 66 495 000 | |
| Borrowing from fifth cycle | (6 368 000) | |
| Estimated 1992 expenditures | (14 000 000) | |
| Anticipated needs for 1993 | (18 300 000) | |
| TOTAL | | 27 827 000 1/ |

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1/ Of this amount, only $11 204 000 is available for programming, as $16 623 000 (25 per cent of the fifth cycle IPF) is kept in reserve for the programme.